



September 27, 2007

Ms. Mary Levine
Acting General Counsel/Director of Legal Affairs
Michigan State Housing Development Authority
725 Michigan Avenue
Lansing, MI 48909

Dear Ms. Levine:

Community Development Advocates of Detroit is the trade association of community development corporations in the City of Detroit. We have nearly 100 members, and seventy percent of those members are non-profit community development organizations. The remaining affiliate members represent organizations that support the community development industry. As an advocacy organization, we focus on issues that are of vital importance to the community development industry. The Qualified Allocations Plan for the distribution of Low Income Housing Tax Credit is a critically important tool for non-profit developers.

We believe that the new version of the Qualified Allocations Plan takes into account many of the important advocacy points that CDAD has supported for many years. We applaud MSHDA for initiating an improved, more-inclusive process in the development and public comment phase for the new QAP. By detailing the underlying principles and policy focus for the plan, MSHDA was able to better align this QAP with existing state priorities in tough economic times.

The new version of the QAP is evidence that MSHDA took a long hard look at what was being advocated for and made a decision to create a new process based on the merit of the project, rather than chance. The current QAP with its lottery system has had a negative impact on community developers. ***We strongly approve of the elimination of the lottery system in the new version of the QAP.***

In addition, we believe that it is vital for MSHDA to continue to move forward with the new QAP. If a funding round takes place in 2007, we cannot move back to usage of the current QAP and its disastrous consequences for Detroit and community development corporations. ***We feel strongly that a final 2007 funding round must utilize the new QAP.*** If time does not allow for a funding round prior to the end of the year, then we recommend holding three funding rounds in 2008.

It took a great deal of leadership for MSHDA to clearly address the needs of the City of Detroit and other core urban areas across the state. ***We are very pleased with the decision to create a 50 percent hold back for Detroit, Hamtramck and Highland Park.*** This hold back provides an opportunity for the state's largest city to benefit from the LIHTC in a significant way. Within the DHHP hold back, we are pleased that the focus is on supporting community development corporations. We also support the work being done in the Next Detroit neighborhoods, and encourage a final QAP that will look at a point based system for allocation of credits within the 50 percent, so that organizations throughout the city that have projects that will serve as catalysts for further revitalization will be able to benefit from the credits. At this time, a 40 percent set aside for four NDNI neighborhoods appears to be excessive based on the readiness of these neighborhoods to take advantage of credits.

A combining of the 20 percent allocation for CDCs and the 40 percent allocation for NDNI would yield a 60 percent allocation that could be used by CDCs throughout the city and NDNI targeted neighborhoods. Within the 60 percent, a point system that provides incentive points for CDCs and NDNI neighborhoods should be included.

We are pleased that MSHDA has incorporated a cure period within the new QAP. This provides an opportunity to work through issues that could eliminate an otherwise worthwhile project.

We request that MSHDA consider extending the shelf life of predevelopment reports such as market studies, environmental reports, etc. This would lessen the cost of reapplying for credits during a calendar year. The current six months could be extended to nine months or even a year with proper documentation from the report provider.

We also request that MSHDA reconsider the prohibition on single family rehab. Single-family rehab can be an effective tool in the fight to save neighborhoods during our current foreclosure crisis. This strategy has been used successfully in other parts of the country and could be an effective tool in Michigan, as well.

Overall, CDAD is extremely supportive of the new QAP and we thank MSHDA for the opportunity to share our comments and recommendations. We greatly appreciate MSHDA's support of the community development industry. If there are questions, please feel free to contact me at 313.964.4910.

Sincerely,

Regina R. Strong
Executive Director

cc: Michael DeVos, Executive Director, MSHDA
Tim Thorland, SWHS/CDAD Board Chair
Rep. Steve Tobocman, Majority Floor Leader, Michigan House of Representatives, D-12
Anika Goss-Foster, City of Detroit